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June 15, 1953

To: W. C. Pedersen, Chief, Marketing Agreements Division
B. J. Emmott, Chief, Dairy Inspection and Grading Division
H. J. Emery, Chief, Program Analysis and Development Division ✓
L. M. Davis, Chief, Market News Division
W. A. James, Chief, Procurement and Sales Division
Louis F. Herrmann, Chief, Research Division

From: Don S. Anderson, Deputy Director, Dairy Branch

Subject: Branch Annual Report for 1953

Material for the Dairy Branch Annual Report should be in this office by July 20, 1953.

The Office of Information Services makes the following suggestions for preparing material for this report:

"Organization of Material: Check last year's printed report and follow the same general pattern this year. You will note that last year we started out your branch chapter with a brief paragraph of background information. This summary was followed by discussion of (1) 'action' programs, (2) marketing service and regulatory programs, and (3) research programs in that order -- and, as you did last year, group RMA projects under a special heading. Don't include defense activities, as they will be covered under a separate chapter.

"Length: Our objective is a report that is as complete, as readable, and as concise as possible. Length can be held to proper limits, in most instances, by 'tight' writing. Don't say, 'In the fiscal year 1953, market news reports were issued from market news offices in the field instead of from Washington.' Say instead, 'Market news reporting was decentralized.' Short tables also help to conserve space."

Don S. Anderson

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DAIRY PRODUCTS

The dairy situation during the fiscal year was dominated by a sharp reversal in milk production conditions, from widespread drought and curtailed output at the beginning of the year to favorable weather, increased cow numbers, heavy feeding and a record rate of milk production during the winter and spring months. With consumer demand relatively stable, the increase in milk output was diverted largely into butter, nonfat dry milk solids and cheese, and offerings to Commodity Credit Corporation under the price support program were heavy during the last half of the fiscal year. Milk production during the fiscal year totalled _____ billion pounds, an increase of _____ billion pounds over a year earlier. Prices received by farmers for milk and butterfat declined moderately during the year, and in June 1953 the average price of all milk sold at wholesale in the United States was _____ percent, and the price of butterfat in farm-separated cream was _____ percent, below the level of a year earlier.

PRICE SUPPORT

The dairy price support program which became effective April 1, 1952 was continued through March 1953. The levels of support under this program were \$3.85 per hundred pounds of manufacturing milk and 69.2 cents per pound of butterfat, which were equal to 90 percent of parity as of the beginning of the marketing year.

The support program was extended for the marketing year April 1953 through March 1954 at 90 percent of parity as of the beginning of the year. The levels of support for 1953-54 are \$3.74 per hundred pounds of manufacturing milk and 67.3 cents per pound of butterfat. This represents a decline of about 3 percent from the levels of a year earlier, because of the decline in the parity index. The support program is being carried out through offers to purchase carlots of dairy products at the following prices:

		Price (Cents per pound)
Butter, U.S..Grade A or higher	Chicago	65.75
	New York	66.50
	San Francisco	66.75
	Seattle	66.75
Butter, U.S. Grade B	Chicago	63.75
	New York	64.50
	San Francisco	64.75
	Seattle	64.75
Cheddar cheese, U.S. Grade A or higher		37.00
Nonfat dry milk solids, U.S. Extra Grade	Spray	16.00
	Roller	14.00

The purchase price for butter at points other than the four designated markets is the price at the designated market named by the seller less 80 percent of the lowest published domestic railroad carlot freight rate per pound gross weight from the offer point to the designated market.

During the early part of the fiscal year, market conditions for dairy products were relatively firm at prices moderately above support purchase levels. No butter or cheese, and only limited quantities of nonfat dry milk solids, were purchased under the support program up to late November. As production conditions improved during late 1952, however, market prices weakened, and offerings of butter, cheese and nonfat dry milk solids continued heavy for the remainder of the fiscal year. Support purchases during the fiscal year totalled _____ million pounds of butter, _____ million pounds of Cheddar cheese and _____ million pounds of nonfat dry milk solids.

Plans were announced during the year to dispose of substantial quantities of butter, cheese and nonfat dry milk solids to nonprofit school lunch programs, charitable institutions, the Armed Services, welfare organizations for needy persons here and abroad, and other outlets which would not interfere with the operation of the support program. Only a small proportion of these dairy products actually were distributed during the year however. Commodity inventories at the end of the fiscal year equalled more than (90) percent of the butter and cheese and (80) percent of the nonfat dry milk solids purchased during the year.

Because of the problems involved in disposing of the substantial quantities of dairy products being acquired under the price support program, dairy industry and Congressional leaders were consulted concerning the advisable program for the marketing year beginning April 1, 1953. They urged the continuation of milk and butterfat price supports at 90 percent of parity ^{for another year} to give the industry opportunity to develop more satisfactory solutions to the dairy problem. Over 90 representative producers and distributors of dairy products and of agriculture generally were called together in conference early in April to review the dairy problem and consider alternative actions. In May a smaller 20-man group of industry representatives met to further consider the suggestions of the larger group. Their recommendations emphasized the importance of increased industry efforts to increase sales of milk and its products.

STANDARDIZATION

1953

The development and revision of quality standards has been an active project during the year. The continued demand for high quality dairy products and for Federal inspection and grading of such products was manifested by requests for 1,464 copies of Department standards. Furthermore, a limitation on the free distribution of United States Sediment Standards for Milk and Milk Products and United States Scorched Particle Standards for Dry Milks resulted in over 200 each of these being sold by the Department's office of information.

United States Standards for Grades of Swiss Cheese were promulgated and became effective February, 1953. These standards replaced Tentative United States Standards for Grades of Swiss Cheese which had been used since 1944.

United States Standards for Grades of Nonfat Dry Milk Solids were revised and the revision became effective May, 1953.

United States Standards for Grades of Dry Whole Milk have been prepared for publication as a proposed rule making. When promulgated, these will supersede the present tentative standards in effect since 1943.

A request was received for the development of standards for dry buttermilk solids. Information is being assembled preparatory to issuing standards for this product. A rapid and accurate method of filtering roller process dry buttermilk solids using a 10% solution of tetra sodium salt of ethylene diamine tetra acetic acid powder was developed and published. This will promote uniformity by making the United States Scorched Particle Standards for Dry Milks applicable to this product.

Information is being assembled preparatory to issuing United States Standards for Dry Whey Solids.

In cooperation with the Bureau of Dairy Industry, a research project to determine the degree of suitability of various small packages for the preservation of nonfat dry milk solids has been in progress throughout the year. Milk solids packaged in thirty-seven types of packages representing the products of 10 major manufacturers of packaging material were obtained and stored at 85°F. and 85% relative humidity. Samples were removed from storage monthly for testing. In addition to moisture absorption, the principle consideration, the study deals with bacterial and coliform estimates, solubility, flavor, and color - all important factors. Seven types of packages have been removed from test because of the increase in the moisture content of the powder. A preliminary report was prepared in April and discussed with representatives of the companies submitting the packages. This preliminary report covered 26 of the 37 types of packages 4 of which were discontinued at the end of 5 months, 4 had been under test for 7 months, 9 for 6 months, 2 for 5 months, 3 for 3 months, and 4 for only 1 month. No additional packages will be accepted until the tests on those now in storage are completed. Better packaging would increase the domestic outlets for nonfat dry milk solids.

The use of uniform standards in judging dairy products was stressed to student judges at the 1953 Collegiate Students' International Contest in Judging Dairy Products. This contest is held annually under the supervision of the Dairy Branch and is sponsored by the American Dairy Science

Association and the Dairy Industries Supply Association, Inc. Teams comprised of 3 members and an alternate from 28 agricultural colleges participated in this contest. Market milk, ice cream, butter, and cheese were judged.

The use of uniform standards uniformly applied was further stressed by a cheese judging clinic for team coaches, supervised by the Dairy Branch, as a part of the program of the American Dairy Science Association. To promote uniformity on an international basis, and encourage international participation in the contest, a paper entitled "A Tested Basis for International Uniformity in Judging Dairy Products" was prepared and accepted for presentation at the 13th International Dairy Congress, The Hague, 22 June 1953.

A complete review was made of the research work showing the effect of feeds and other factors on the flavor of milk. Such information is necessary in the determination and recognition of flavor quality factors, to be used in product quality standards. This review is being prepared for publication.

Assistance was given in the preparation of proposed Federal specifications for (1) Butter, (2) Swiss cheese, and (3) Ice Cream, Sherbets and Ices. Assistance was also given in the preparation of Military specifications for (1) Milk, Dry, Product, Sweetened, (2) Milk, Pasteurized, Homogenized, Frozen, (3) Milk, Pasteurized Chocolate and Chocolate Drink, (4) Buttermilk Solids, Cultured Dry, (5) Cream, Stabilized, Sterilized. Recommendations were made regarding the proposed military specifications for (1) Cheese Bar, Compressed, (2) Milk, Dry Malted; and (3) Canned Whole Milk, Sterilized.

